

Message Text

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PAGE 01 BONN 21052 211109Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 SS-15 STR-05 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 PA-01 PRS-01 /097 W
-----114625 211321Z /43

R 211057Z DEC 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4171
DEPARTMENT TREASURY
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY BERN

C O N F I D E N T I A L BONN 21052

USOECD ALSO FOR EMBASSY

DEPARTMENT PASS FEDERAL RESERVE BOARD

E.O. 11652: GDS
TAGS: EFIN, GW
SUBJECT: SPECULATION AGAINST THE DOLLAR

REF: LONDON 20403

1. WE HAVE DISCUSSED THE REPORT IN REFTEL WITH GERMAN
FINANCE MINISTRY OFFICIALS WHO HAVE PROMISED TO LOOK
FURTHER INTO IT. GERMAN OFFICIALS TELL US THAT WHEN
RUMORS BEGAN TO CIRCULATE IN THE FOREIGN EXCHANGE MARKET
SOME WEEKS AGO REGARDING DOLLAR/DM TRANSACTIONS ON
FAR EASTERN MARKETS, THE BUNDESBANK LOOKED INTO IT AND
FOUND THAT THERE HAVE BEEN SOME DAYS WHEN A SIGNIFICANT
AMOUNT OF FUNDS MOVED IN HONG KONG, BUT THIS DID NOT
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SEEM TO BE A REGULAR OCCURENCE AND HAS ABATED. WE
REALIZE THAT THIS IN ITSELF DOES NOT REFUTE THE POINT
MADE BY EMBASSY LONDON'S CONTACT WHICH WE UNDERSTAND
TO BE THAT IT IS POSSIBLE TO INFLUENCE THE FRANKFURT
OPENING RATE BY VERY SMALL DOLLAR SHORT SALES IN THE
FAR EAST WITH THE PROFIT ON THE SHORT SALE BEING ONLY
INCIDENTAL TO THE AIM OF DRIVING THE FRANKFURT OPENING

RATE DOWN FOR OTHER REASONS (SUCH AS, FOR EXAMPLE, A MUCH LARGER OPEN POSITION IN FRANKFURT).

2. UNDER GERMAN BANKING REGULATIONS, FOREIGN BRANCHES ARE CONSIDERED AS PART OF THE HOME BANK FOR PURPOSES OF MAXIMUM RATIOS ALLOWED BETWEEN EQUITY CAPITAL AND OPEN FOREIGN EXCHANGE POSITIONS. FOREIGN SUBSIDIARIES, HOWEVER, ARE NOT CONSIDERED PART OF THE HOME BANK FOR THIS PURPOSE AND NOT SUBJECT TO REGULATION BY THE GERMAN AUTHORITIES.
STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN21052
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770475-1083
Format: TEL
From: BONN USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771233/aaaabbjq.tel
Line Count: 73
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b83616ff-c188-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LONDON 20403
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 162864
Secure: OPEN
Status: NATIVE
Subject: SPECULATION AGAINST THE DOLLAR
TAGS: EFIN, GE, US
To: STATE TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/b83616ff-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009